

February 14, 2011

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

RE: Docket No. R-1404 and RIN No. 7100 AD63

Board of Governors of the Federal Reserve System:

The purpose of this letter is to provide my comments regarding the Federal Reserve System's proposed "Debit Card Interchange Fees and Routing" rule. Please consider my comments as being both from the perspective of an individual consumer and as an officer of a bank. My comments are as follows:

1. I am very concerned that the proposed limitation on the fees banks can charge for interchange services will result in absolutely no benefit for consumers and will, in fact, increase the financial burdens on consumers. I believe that the proposed fees are so restrictive that banks will actually lose money on every debit card transaction. Instead of these fees being a profit generator, they will become a loss leader, which will have to be offset and subsidized by the banks increasing fees for other services, including charging fees for services which have previously been free services for decades. While the large retailers lobbied Congress heavily and successfully for these restrictions, it is clear that these same retailers have no intention of passing on the savings to the consumer in the form of reduced retail prices. In fact, retailers do not offer discounts for paying in cash today. This is a clear sign that prices will not decrease with reduced interchange fees. Therefore, the end result is that the retailers will reap billions of dollars in additional profits at the expense of the banks, while the consumers will not see reductions in prices, but will see increased fees and costs associated with maintaining their depository relationships with their financial institutions.
2. The proposed rule will also likely be detrimental to retailers, particularly small retailers. The proposed rule is an unfair price control imposed on banks. The lost profitability as a result of this unfair price control will most likely be offset, in part, by banks either discontinuing to offer debit cards or by charging monthly or per item fees for debit card usage. Either of these scenarios will result in fewer debit card transactions being done at the retail level. This will subject retailers to more check and credit card fraud losses and will greatly slow down the sales process as more people will be paying in cash, credit card or by check.

As an individual consumer and as an officer of a bank, I respectfully urge you to approve a final rule which does not impose such unfair and damaging restrictions on interchange

fees. The consequences of approving the rule in its present form will be very harmful to all parties concerned, consumers, banks and yes, even the very retailers who lobbied for these restrictions. Overall economic stability and growth will suffer unnecessarily and possibly irreversibly under this rule.

Sincerely,

A handwritten signature in black ink, appearing to read "David G. Moore". The signature is fluid and cursive, with the first name "David" and last name "Moore" clearly distinguishable.

David G. Moore